

Episode VII - Education: In 1979, President Jimmy Carter created the Federal Department of Education. He did it to make the quality of education in this country better. This year, that department will have an administrative budget of \$69 billion. That does not include the roughly \$19 billion in federal dollars we will spend on education entitlements like Pell Grants and student loans.

The question is simple: Is American education better now than it was in 1979? Has spending trillions of federal dollars over the last 33 years led to America's students consistently receiving a superior level of education?

The answer is painfully obvious. NO! So, why are we still trying to do what has failed for over 30 years expecting to achieve positive results?!

Sorry. I'll calm down now. I have included education in this "Fix It" series on how to jump start two new decades of American hegemony, growth and prosperity because, like infrastructure, a strong education system is a prerequisite to growth and prosperity. So then, what is the state of education in America? In order to analyze our system, we have to break education into two distinct categories which are in very different places right now: K-12 education and higher education.

We already have the finest higher education system in the world, bar none. This is so for a number of reasons. Amongst them is that we have many private, public and for-profit colleges competing with one another in the marketplace. There is relatively little government interference in this category, which is a significant part of its success. Unfortunately, President Obama recently indicated that he would like the government to regulate what a unit of higher education is and how much it can cost. This is the President's road map to screw up a part of America that is actually working. Unbelievable!

Higher education is too expensive. But, that is not because the government has not interfered enough. It is because it has interfered too much. Over the last 30 years, the inflation rate on higher education tuition has been greater than any other part of the economy. Health care is second. The increases in both dwarf the inflation rate for energy or housing or food. And, do you notice something in common with higher ed and health care? Both have a lot of government subsidies. The increases in college tuition have largely corresponded with the increases in

federal assistance. When I was an undergrad at UCLA in the mid-1970s, my tuition (I remember well) was \$625.50 per year. Today, in-state tuition at UCLA is \$12,686 per year. That means it has increased more than *20 times* over that time period. Gas and housing have also gone up over that period, but not by 2000%. And, that is in spite of increases in California tax rates since then. Now, all this being said, the state of higher education could be much worse. But, if we are concerned about the cost, we should be looking at whether federal subsidies have caused higher tuitions, rather than helped reduced them.

Unfortunately, our K-12 system is in a different place. We do NOT have the finest primary and secondary education system in the world. And, we do NOT have many private, public and for-profit K-12 schools competing in the marketplace. There are roughly 98,700 public schools in the United States. There are about 33,700 private ones. The details of fixing K-12 education are way beyond the scope of this series. But, there's one thing I know: We can't fix 98,700 schools from Washington, DC. We can't even fix California schools from Sacramento. Parents, teachers and administrators closer to the problem should have more freedom and flexibility to respond to their own unique needs.

So, get rid of the Department of Education. Save half the money the department currently costs and give the other half directly to the states and local school districts. However, most importantly, give them the flexibility to create competition and fix their problems. They will do it.